



Central Maine Power

June 11, 2004

VIA ELECTRONIC FILING

Mr. Dennis Keschl
Administrative Director
Maine Public Utilities Commission
State House Station 18
242 State Street
Augusta, ME 04333

Re: CENTRAL MAINE POWER COMPANY,
Annual Price Change Pursuant to the Alternative Rate Plan
("ARP 2000"),
Docket No. 2004-167

Dear Mr. Keschl:

Enclosed please find an original and two (2) print copies of a Stipulation entered into by Central Maine Power Company ("CMP" or the "Company"), the Public Advocate, and the Industrial Energy Consumer Group, the active parties in the above-captioned proceeding. This Stipulation resolves all issues in this proceeding with the exception of CMP's proposals (1) to include the GDP-PI rate adjustment to reflect changes in the GDP-PI for 2001 and 2002, and (2) to defer as incremental costs certain internal costs associated with the removal of transformers as containing PCBs.

This partial settlement meets the Commission's criteria for approval of stipulations, as articulated in *Investigation into Regulatory Alternatives for the New England Telephone and Telegraph Company d/b/a NYNEX*, Docket No. 94-123 (reopened), Order at 4-5 (Mar. 17, 1998):

1. The parties joining the Stipulation represent a broad spectrum of interests and no party has been disenfranchised or impeded in their participation. In addition, the Commission staff has been engaged actively in this proceeding.
2. This proceeding has been marked by the filing of testimony by CMP, the exchange of interrogatories, technical conferences and settlement conferences. The process resulting in the Stipulation thus has been fair to all the parties.

An equal opportunity employer

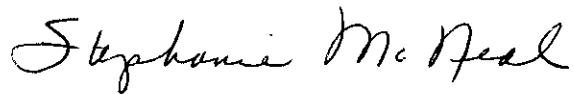
83 Edison Drive | Augusta, ME 04336
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www.cmpco.com


An Energy East Company

3. Finally, the stipulated result is reasonable and is not contrary to legislative mandate.

CMP urges the Commission to approve the proposed partial Stipulation, which we believe to be a fair, balanced and reasonable settlement of the issues raised in this proceeding.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie McNeal".

Stephanie T. McNeal
Supervisor, Regulatory and Tariffs

Enclosure
cc: Service List

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2004-167

June 11, 2004

CENTRAL MAINE POWER COMPANY,)
Annual Price Change Pursuant to the)
Alternative Rate Plan (ARP 2000))

STIPULATION

The undersigned, being parties to this proceeding agree as follows:

1. On March 15, 2004, Central Maine Power Company ("CMP") made its annual compliance filing in accordance with Paragraph 30 of the Alternative Rate Plan Stipulation ("ARP 2000") dated September 7, 2000, and approved by the Commission in its Order dated November 16, 2000, in Docket No. 99-666.

2. This Stipulation resolves all issues in this proceeding with the exception of the two issues described in Paragraph 4 below.

3. All Exhibits referred to in this Stipulation are incorporated herein by reference and are intended to be considered as part of this Stipulation as if their terms were fully set forth in the body of this Stipulation. The Exhibits are as follows:

Exhibit 1: Price Cap Mechanism, Calculation of Inflation Index

Exhibit 2: *Changes to Tariffs*

4. The Parties acknowledge that there are two outstanding issues before the Commission. The first issue relates to the inclusion of the GDP-PI rate adjustment to reflect changes in the GDP-PI for the years 2001 and 2002. The second issue relates to L.D. 665—"An Act to Protect the Environment by Phasing Out the Use of Old Transformers that are Potential Sources of PCB Pollution."

5. The Parties agree to accept the following components of the annual ARP price change:

- A. The current year updated inflation index to use in determining the price cap mechanism is 1.62%. The productivity offset is 2.75%, which results in an inflation rate less productivity offset value of -1.13%. Exhibit 1, which is incorporated with this Stipulation, replaces Attachment 2 of CMP's March 15, 2004 filing.
- B. The parties in this case acknowledge that the mandated costs threshold of \$3,000,000 has not been reached in this proceeding. The parties further acknowledge that no discovery or discussions have been held in this proceeding regarding whether the \$134,900 in costs CMP incurred to comply with the Spill Prevention Control Countermeasure ("SPCC") in 2003 or the \$553,981 CMP gained from the bonus depreciation tax rule are legitimate mandated cost items. No agreement has been reached in this proceeding regarding whether these items qualify as mandated costs under the CMP ARP. However, since CMP did not reach the threshold amount of \$3,000,000 to recover mandated costs, the SPCC costs and the gain from the bonus depreciation will not result in any rate adjustments. Finally, the Parties do not agree as to whether the winter storm events CMP included as mandated costs in fact constitute mandated costs, and thus, would be subject to the mandated cost provisions. The Parties agree, however, that the Commission should not resolve this matter presently since it does not impact the 2004 price change calculation.

- C. During the rate year beginning July 1, 2004 through June 30, 2005 CMP will return to customers \$637,634 for the overcollection in the Electric Lifeline Program (“ELP”) account, and CMP will return \$1,953,382 to customers for the overcollection in the Demand Side Management (“DSM”) account. These changes will result in one-year ARP adjustments of -0.29% and -0.89%, respectively.
- D. CMP will reduce distribution rates by approximately 0.01% (\$14,371 annually) to reflect the on-going return of incremental revenue resulting from the establishment of service fees.
- E. CMP will remove from rates the one-year adjustments that were included in the rates effective July 1, 2003. The one-year adjustments to be removed are: ELP, which reduced rates by \$699,678; DSM, which reduced rates by \$2,306,047; establishment of service, which reduced rates by \$238,644; and the L.D. 665 transformer replacement program costs, which increased rates by \$1,243,677. The combined effect of the elimination of the one-year adjustments results in an increase in rates effective July 1, 2004 of \$2,000,692.
- F. In its compliance filing, CMP will use the rate design method described in the March 15, 2004 initial filing. The starting point for the rate design is the July 1, 2003 distribution rates without the one-year adjustments included in those rates and reflecting the conservation rate design changes from Docket No. 2003-516. CMP will apply the ARP price change percentage to distribution rates, excluding the conservation assessment.

G. CMP met or exceeded all of the established service quality indicators in 2003; therefore, there are no service quality penalties.

H. In its compliance filing, CMP will include the following minor changes to three of its tariffs. CMP will change MGS-S and MGS-P tariffs by removing the word “on-peak” in the first two paragraphs of the “Availability” section of the tariffs. The reference to on-peak will be removed because CMP cannot determine on-peak use from the demand meters most commonly used in association with the MGS rates.

In the optional targeted service rate tariff for Easy Hours for Business (“EHB”), CMP will state the terms “Weekdays” will be “Otherwise known as On-Peak;” “Weekends (and holidays)” will be “Otherwise known as Shoulder;” and “Nights” will be “Otherwise known as Off-Peak.” This change is to make the EHB bill statements more consistent with the tariff terms.

Drafts of the proposed changes to the tariffs are provided as Exhibit 2 to this Stipulation.

6. The Parties also acknowledge CMP will be changing its transmission rates for distribution level customers effective July 1, 2004. CMP will file with the Commission, on or before June 15, 2004, rate schedules and Term and Condition 44.1 reflecting the distribution price change permitted by this Stipulation and by the Commission’s decision on the outstanding issues in the case, as well as the transmission price change.

7. The execution of this Stipulation by any Party shall not constitute precedent as to any matter of law or fact nor, except as expressly provided herein, shall it foreclose any of the

Parties from making any contention or exercising any right, including rights of appeal, in any other Commission proceeding or investigation, or any other trial or action.

8. The Parties intend that this Stipulation be considered by the Commission for adoption as an integrated solution to the issues addressed herein which arose in the above-captioned proceeding and as otherwise presented in this Stipulation. The Parties also intend that this Stipulation shall be null and void, and not bind the Parties in the above-captioned proceeding, in the event the Commission does not adopt this Stipulation without material modification.

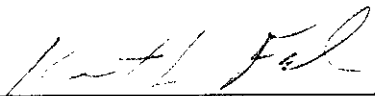
9. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall not prejudice the positions taken by any Party on these issues before the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission.

10. The Parties to this Stipulation agree that the record in support of this Stipulation includes CMP's initial filing and updates thereto and all data responses.

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

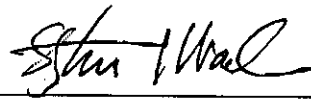
CENTRAL MAINE POWER COMPANY

Dated: 6/11/2004

By: 

OFFICE OF THE PUBLIC ADVOCATE

Dated: 6/11/04

By: 

INDUSTRIAL ENERGY CONSUMER GROUP

Dated: _____

By: _____

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

Dated: _____ By: _____

OFFICE OF THE PUBLIC ADVOCATE

Dated: _____ By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

Dated: 3 June 2004 By: Linda Lockhart

Central Maine Power Company
Price Cap Mechanism
Calculation of Inflation Index

Gross Domestic Product - Price Index (GDP - PI)

Chain-type

Fourth Quarter 2002*	104.571
Fourth Quarter 2003	<u>106.27</u>
Percent Change	1.62%

*On 12/10/03 the Bureau of Economic Analysis (BEA) revised its National Income & Product Account for the US.

The BEA moved the base year for real GDP from 1996 to 2000, which changed the 4th quarter index from 111.248, which was used in the 2003 ARP filing, to 104.571.

**ELECTRIC DELIVERY RATE SCHEDULE
CENTRAL MAINE POWER COMPANY**

**Page 34.00
First Draft Thirteenth Revision**

**OPTIONAL TARGETED SERVICE RATE
EASY HOURS FOR BUSINESS (Rate B-EHB)**

AVAILABILITY

This rate is available for general service customers where service is taken at a secondary voltage and where the customer's maximum measured monthly demand has not exceeded 50 kW during the previous twelve (12) month period prior to taking service under this rate. A customer may be removed from this rate if (1) significant load is added such that maximum measured monthly demand exceeds 150 kW two or more times in any 12-month period; (2) the customer uses self-generated electricity or an alternate fuel to power end-uses previously served by CMP; or (3) if any other significant changes are made to the customer's operation such that the Company determines that the customer will no longer meet the availability criteria described above.

CHARACTER OF SERVICE

Service will be single or three phase, alternating current, 60 hertz, at one standard, available secondary voltage as described in the Company's Handbook of Standard Requirements for Electric Service and Meter Installations.

BASIC RATE PER MONTH

The customer will be billed the following prices for monthly electricity use:

Service Charge:	MGS
Single Phase	\$52.50
Three Phase	\$81.13
kWh Charge:	
Weekdays	\$0.071125/kWh
Weekends	\$0.032855/kWh
Nights	\$0.009101/kWh

The daily periods shall be as follows:

Weekdays	(Otherwise known as On-Peak):	7 a.m. to 7 p.m.
Weekends (and holidays)	(Otherwise known as Shoulder):	7 a.m. to 7 p.m.
Nights	(Otherwise known as Off-Peak):	7 p.m. to 7 a.m.

MINIMUM CHARGE

The Minimum Charge in any month shall be the monthly Service Charge.

Proposed Effective Date: _____ For meters read on
and after July 1, 2004

Curtis I. Call

Curtis I. Call

Effective Date: _____ Docket No. 2004-167

Vice President

**ELECTRIC DELIVERY RATE SCHEDULE
CENTRAL MAINE POWER COMPANY**

**Page 90.00
First Draft Fourteenth Revision**

**RATE MGS-P
MEDIUM GENERAL SERVICE - PRIMARY**

AVAILABILITY

This rate is available for all general service purposes where service is taken at a primary voltage and where the customer's maximum monthly measured demand has exceeded 20 kW but has not exceeded 400 kW, subject to the following two paragraphs. | c

Any customer taking service under this rate whose maximum monthly measured demand in any month exceeds 400 kW twice within the preceding twelve months shall be automatically transferred to the applicable Intermediate General Service rate for primary service, effective with the next succeeding billing month. | c

Except as provided in the following paragraph, any customer taking service under this rate whose maximum monthly measured demand has not exceeded 20 kW in each of the preceding twelve months shall be automatically transferred to the applicable Small General Service rate, effective with the next succeeding billing month.

Electric delivery service must be taken on a continuous year-round basis by any one customer at a single service location where the entire requirements for electric delivery service at the premises are supplied at one point of delivery, except that service may be taken for a shorter period subject to the provisions of the short-term service charge.

CHARACTER OF SERVICE

Service will be single or three phase, alternating current, 60 hertz, at one standard available primary voltage between 4 kV and 15 kV.

DEMAND

The monthly demand shall be the highest 15-minute integrated kW demand registered during the month as determined by the Company.

The reactive demand will be determined for three phase service only and where the power factor of the customer's load is determined by the Company to be less than 90% lagging. The reactive demand shall be the highest 15-minute integrated kVar demand registered during the month.

Proposed Effective Date: _____
For service rendered on
and after July 1, 2004

Effective Date: _____ Docket No. 2004-167

Curtis I. Call

Curtis I. Call

Vice President

**ELECTRIC DELIVERY RATE SCHEDULE
CENTRAL MAINE POWER COMPANY**

**Page 100.00
First Draft Fifteenth Revision**

**RATE MGS-S
MEDIUM GENERAL SERVICE - SECONDARY**

AVAILABILITY

This rate is available for all general service purposes where service is taken at a secondary voltage and where the customer's maximum monthly measured demand has exceeded 20 kW but has not exceeded 400 kW, subject to the following two paragraphs. | C

Any customer taking service under this rate whose maximum monthly measured demand in any month exceeds 400 kW twice within the preceding twelve months shall be automatically transferred to the applicable Intermediate General Service rate for secondary service, effective with the next succeeding billing month. | C

Except as provided in the following paragraph, any customer taking service under this rate whose maximum monthly measured demand has not exceeded 20 kW in each of the preceding twelve months shall be automatically transferred to the applicable Small General Service rate, effective with the next succeeding billing month.

Electric delivery service must be taken on a continuous year-round basis by any one customer at a single service location where the entire requirements for electric delivery service at the premises are supplied at one point of delivery, except that service may be taken for a shorter period subject to the provisions of the short-term service charge.

CHARACTER OF SERVICE

Service will be single or three phase, alternating current, 60 hertz, at one standard available secondary voltage as described in the Company's Handbook of Standard Requirements for Electric Service and Meter Installations.

DEMAND

The monthly demand shall be the highest 15-minute integrated kW demand registered during the month as determined by the Company.

The reactive demand will be determined for three phase service only and where the power factor of the customer's load is determined by the Company to be less than 90% lagging. The reactive demand shall be the highest 15-minute integrated kVar demand registered during the month.

Proposed Effective Date: _____
For service rendered on
and after July 1, 2004

Curtis I. Call

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Effective Date: _____ Docket No. 2004-167

Vice President